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Report of the Governing Council

Tenth special session (20-22 February 2008)

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Report of the Governing Council/Global Ministerial Environment Forum on the work of its tenth special session

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Introduction

The tenth special session of the United Nations Environment Programme (UNEP) Governing Council/Global Ministerial Environment Forum was held at the Grimaldi Forum in the Principality of Monaco from 20 to 22 February 2008. It was convened in pursuance of paragraph 1 (g) of Governing Council decision 20/17 of 5 February 1999, entitled "Views of the Governing Council on the report of the Secretary-General on environment and human settlements"; Governing Council decision 24/15 of 9 February 2007, entitled "Provisional agendas, dates and venues of the tenth special session of the Governing Council/Global Ministerial Environment Forum and the twenty-fifth session of the Governing Council/Global Ministerial Environment Forum", paragraph 6 of General Assembly resolution 53/242 of 28 July 1999, entitled "Report of the Secretary-General on environment and human settlements"; and paragraph 5 of General Assembly resolution 40/243 of 18 December 1985, entitled "Pattern of conferences"; and in accordance with rules 5 and 6 of the rules of procedure of the Governing Council.

I. Opening of the session

A. Opening of the meeting

1. The tenth special session of the Governing Council/Global Ministerial Environment Forum of the United Nations Environment Programme (UNEP) wass opened at 9.40 a.m. on Wednesday, 20 February 2008, by the master of ceremonies. The proceedings commenced with the presentation of a short film entitled "State of the Planet".

2. Opening statements were made by Mr. Roberto Dobles, Minister of Environment and Energy of Costa Rica and President of the Governing Council/Global Ministerial Environment Forum; Mr. Ban Ki-moon, Secretary-General of the United Nations, by pre-recorded video message; Ms. Anna Tibaijuka, Executive Director of the United Nations Human Settlements Programme (UN-Habitat) and Director-General of the United Nations Office at Nairobi, delivered on her behalf by Ms. Inga Björk-Klevby, Deputy Executive Director of UN-Habitat; and Mr. Achim Steiner, Executive Director of UNEP. His Serene Highness Prince Albert II of Monaco also delivered a statement.

3. In his opening statement, Mr. Dobles, on behalf of the Bureau and the delegations present, thanked Prince Albert II of Monaco for hosting the session, for the excellent preparations and for the warm welcome extended to those attending the session. He paid tribute to Prince Albert II, on behalf of the global environmental community, for his leadership and personal engagement in environmental conservation. The establishment of the Prince Albert II of Monaco Foundation, in particular, would be an important source of continued action for environmental protection. Present at the session were more than 100 ministers and a large number of senior officials and other representatives responsible for the environment from civil society, the business and scientific communities and the United Nations system. As representatives of the core global environment community, they had a responsibility, he said, to respond to the expectations of the peoples of the world and to provide guidance on how to confront the problems and emerging opportunities affecting the planet and ensure its sustainability.

4. Wide-ranging steps had been taken since the twenty-fourth session of the Governing Council/Global Ministerial Environment Forum, held in Nairobi in February 2007, to further the work of UNEP in many areas, including climate change, ecosystems, waste and chemicals management and implementation of the Bali Strategic Plan on Technology Support and Capacity-building. Under the leadership of the Executive Director, UNEP was enjoying successful and far-reaching management reforms and prioritization and streamlining of its substantive work and activities. Of particular significance at the current session would be the consideration of the fourth Global Environment Outlook report (*GEO-4*) and the proposed Medium-term Strategy for the period 2010–2013. *GEO-4* set out scientific findings that were critical for environmental decision makers and had been fundamental to the drafting of the Medium-term Strategy, which presented a unique opportunity for member States to guide the direction of a more focused and results-based UNEP. The Climate Neutral Network, to be launched at the current session, was particularly worthy of support; it encouraged Governments at all levels to accept the idea of a climate-neutral society. He wished the representatives fruitful deliberations and urged them to ensure that the tenth special session took place in a spirit of

cooperation and compromise. In closing, he congratulated Ms. Angela Cropper on assuming her position as Deputy Executive Director of UNEP.

5. In his statement, Mr. Ban-ki Moon expressed delight at greeting representatives to the tenth special session of the Council/Forum, noting that through similar sessions environment ministers and other representatives had for more than 20 years produced constructive and creative solutions to global sustainability challenges. Representatives and their predecessors had provided a glimpse into the real possibility of a green economy, including through the climate change framework, carbon trading and carbon markets. With the Bali Strategic Plan as its guide, the Council/Forum now faced the challenge of mobilizing finance to confront climate change, providing fresh impetus and strengthening the work of UNEP. In that regard, the Medium-term Strategy would lead to a more focused and results-based UNEP. Stressing the importance of reaching agreement at the fifteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, to be held in Copenhagen in 2009, he noted the importance of sustaining momentum through practical actions. The people of the world were demanding change and he urged the representatives assembled for the current session to deliver it.

6. In her statement, Ms. Tibaijuka expressed regret at being unable to attend the current session due to the difficult political situation in Kenya, host country of UN-Habitat's headquarters. UN-Habitat, she said, was committed to long-term cooperative action to combat climate change, and its main partner in that endeavour was UNEP. The rapid pace of urbanization would increase the vulnerability of urban areas to climate change and threatened many cities and hundreds of thousands of their inhabitants, including 1 billion slum-dwellers in particular, with its negative impacts. On one of the two main themes of the session, international environment governance, she noted that it was clear that meaningful reform of the global environmental system was required to ensure better governance, enhanced use of resources and a better framework for coordination to avoid competition and duplication among United Nations agencies, development banks and other institutions. It was necessary to place greater emphasis on empowering local authorities, particularly as the effects of climate change were felt most acutely at the local level. On the other theme, mobilizing finance to combat climate change, the relationship between cities and financing for climate change was twofold: cities and local authorities were assuming responsibility for the transition to a low-carbon economy and were, particularly in the developing world, grappling with the immediate impacts of climate change. It was vital, therefore, to improve their access to financing, including through the Kyoto Protocol's Clean Development Mechanism, and to ensure that they were stakeholders in the negotiations on a post–2012 Kyoto Protocol regime. In closing, she invited representatives to attend the fourth World Urban Forum, to be held in Nanjing in October 2008, which would focus on the theme of harmonious urbanization and explore issues related to the sustainable development of human settlements and climate change.

7. In his statement the Executive Director expressed his thanks to Prince Albert II for the support that he and his Government had lent to UNEP in organizing the special session. He commended the Prince for translating his personal interest in environmental issues into a political commitment and as a matter of State importance. Through his foundation he had shown what could be achieved through inspiration and commitment by even a small State. In 2008 he had been named a UNEP Champion of the Earth and, along with Ms. Wangari Maathai, was an active patron of the Billion Tree Campaign. The Campaign had met with a hugely enthusiastic response, with over 1.9 billion trees already planted, and the challenge now would be to find new ways of channelling the public energy and support that it had inspired. He also thanked all other participants for attending the current session, noting that more than 150 member States were represented and saying that the Council/Forum was meeting at a critical point in time, when the challenge of environmental change had been placed at the heart of the entire development agenda. The topic of climate change should not be seen to narrow the agenda, he said, but rather was a lens through which to consider other issues, and he noted that environmental intelligence and awareness were emerging as drivers for the development of societies and economies. He urged participants to consider the Forum not as an administrative function of UNEP but rather as a platform from which environment ministers could speak to a world that was looking for inspiration and practical solutions.

8. Prince Albert II said that Monaco was proud to welcome the members of the Council/Forum. He said that his thoughts were with all those affected by recent events in Kenya and on his own behalf and that of the Council/Forum he expressed his support for Ms. Wangari Maathai. He underscored the

importance of immediate action if the current global environmental crisis was to be overcome, saying that effective policies had to be put in place to protect irreplaceable ecological resources, more investment choices had to be provided and technological advances had to be promoted. It was necessary to enter into an age of innovation and creativity and it was clear that public finance and the private financial sector had a key role to play in promoting sustainable development. Coherent international regulations would have to be developed to encourage the main global economies to cooperate in the development of new high-performance technologies. He emphasized that private business could influence positive change by working to change consumer attitudes. His ambition was for Monaco to become a preferred destination for entrepreneurs and investment professionals involved in the research, development and commercialization of new environmental technologies.

9. He described Monaco's efforts to reduce its emissions under the Kyoto Protocol and the carbon offsetting programme in place since 2007 for large events held in the Principality, including the current sessions of the Council/Forum. The carbon neutral programme was intended to tie in with Monaco's international cooperation policy, which centred on combating poverty, since climate change primarily affected the most disadvantaged groups in society. He emphasized, however, that paying for carbon offsets should not be seen as a simple alternative to reducing environmental impact in the first place. He also drew attention to the importance of prioritizing financing efforts for adaptation. He discussed his personal interest in the severe effects of climate change in the Arctic region, which he had witnessed first hand. To tie in with the International Polar Year, his Foundation was currently considering potential activities in the Arctic. Monaco would be open to any initiatives that might help progress in that area. He expressed the hope that the Council/Forum would consider the problem and propose concrete solutions.

B. Discussion on leadership by inspiration

10. During the 1st plenary meeting of the session a discussion took place on the theme of "leadership by inspiration-environment, peace and security". The speakers were Nobel Prize laureate Ms. Wangari Maathai, founder of the Greenbelt Movement in Kenya, and Mr. Mohan Munasinghe, Vice-Chair of the United Nations Intergovernmental Panel on Climate Change (IPCC).

11. Introducing the speakers Mr. Steiner said that over the past three years the Nobel Peace Prize Committee had twice awarded the prize to individuals or groups of scientists who had shown that peace, security and the environment were interwoven. In 2004 the prize had been awarded to Ms. Maathai and her Green Belt Movement; in 2007 it had been given to Mr. Al Gore and IPCC. He explained that Ms. Maathai was unable to attend the meeting in person as she was assisting former United Nations Secretary-General Kofi Annan in mediation efforts in Kenya. A statement would therefore be read on her behalf by Tunza Youth adviser for Africa Ms. Margaret Koli. In introducing Mr. Munasinghe Mr. Steiner noted that he had played a key role in drawing international attention to the link between climate change and economic factors.

12. In her statement, Ms. Maathai said that she regretted not being present but felt that she could not neglect her country in its hour of need. In awarding the Peace Prize to her Green Belt Movement in 2004, the Nobel Committee had made the link between the environment and peace and between peace and democracy through environmental action. Through the planting of trees, symbols of peace, the Green Belt Movement had helped entire communities not only to understand that government had to be accountable but also that mutual respect and relationships based on trust, integrity and justice were equally important. The Movement, she said, had been able to reconcile communities in conflict with one another by planting peace trees, and she suggested that it was time to rediscover the link between trees, culture and conflict resolution, especially given the effects of climate change.

13. Mr. Munasinghe also delivered a statement, conveying the apologies of IPCC Chair Mr. Rajendra Pachauri, who was unable to attend the meeting. He explained that climate change was important because it was undermining sustainable development and was affecting, in particular, the most vulnerable in the world: the poor, children, the elderly, small islands, the Arctic, Asian mega-deltas, sub-Saharan Africa and particularly vulnerable ecosystems. The relationship between development and climate change, he noted, was cyclical: development led to the emission of greenhouse gases, which in turn caused climate change. That then created problems for man-made and natural systems, which in turn had an impact on development. Mitigation and adaptation measures

were therefore required and they needed to be implemented more systematically than they had been in the past.

14. He said that although the problems of climate change and sustainable development were complex and serious he was firmly convinced that they could be solved together, provided action began immediately. The most desirable scenario would be for all climate-related policies to combine mitigation and adaptation measures and to make development more sustainable. The technology and knowledge needed to make that happen already existed but political will was lacking. Sustainable development comprised environmental, social and economic elements. Governments, business and civil society therefore had to work together to ensure that sustainable development covered all elements. UNEP had a key role to play in showing that climate change affected or related to all of the Millennium Development Goals, not only the seventh goal, to "ensure environmental sustainability". He called on UNEP to highlight the impact of climate change at the macroeconomic level and in the business and development sectors in order to mobilize support and resources and to help identify and implement solutions.

II. Organization of the session

A. Attendance

15. The following 56 States members[1] of the Governing Council/Global Ministerial Environment Forum were represented: Algeria, Angola, Antigua and Barbuda, Argentina, Australia, Austria, Bahamas, Bangladesh, Belarus, Belgium, Benin, Botswana, Burundi, Canada, Chile, China, Colombia, Congo, Costa Rica, Croatia, Cuba, Czech Republic, Finland, France, Germany, Guinea, Haiti, Hungary, India, Indonesia, Iran (Islamic Republic of), Israel, Italy, Japan, Kazakhstan, Kenya, Mali, Mauritius, Mexico, Monaco, Netherlands, Niger, Pakistan, Republic of Korea, Romania, Russian Federation, Saudi Arabia, Somalia, South Africa, Spain, Thailand, Tunisia, Tuvalu, Uganda, United States of America and Uruguay.

16. The following 82 States not members of the Governing Council/Global Ministerial Environment Forum but members of the United Nations or members of a specialized agency or of the International Atomic Energy Agency were represented by observers: Afghanistan, Albania, Armenia, Azerbaijan, Barbados, Brazil, Bulgaria, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Côte d'Ivoire, Cyprus, Democratic People's Republic of Korea, Denmark, Dominican Republic, Ecuador, Egypt, El Salvador, Estonia, Gambia, Georgia, Ghana, Greece, Guatemala, Holy See, Honduras, Iceland, Iraq, Ireland, Jordan, Kiribati, Kuwait, Latvia, Libyan Arab Jamahiriya, Liechtenstein, Lithuania, Luxembourg, Madagascar, Malaysia, Maldives, Mauritania, Mongolia, Morocco, Mozambique, Nepal, New Zealand, Nicaragua, Nigeria, Norway, Oman, Panama, Papua New Guinea, Peru, Philippines, Poland, Portugal, Qatar, Samoa, Senegal, Sierra Leone, Singapore, Slovakia, Slovenia, Solomon Islands, Sri Lanka, Sudan, Suriname, Swaziland, Sweden, Switzerland, Syrian Arab Republic, Trinidad and Tobago, Turkey, Turkmenistan, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, Venezuela (Bolivarian Republic of), Viet Nam, Yemen, Zambia and Zimbabwe.

17. An observer for the Sovereign Military Order of Malta also attended.

18. The following United Nations bodies, secretariat units and convention secretariats were represented: Agreement on the Conservation of Cetaceans in the Black Sea, Mediterranean Sea and contiguous Atlantic area, Basel Convention on the Transboundary Movement of Hazardous Wastes and their Disposal, Convention on International Trade in Endangered Species of Wild Flora and Fauna, Convention on the Conservation of Migratory Species of Wild Animals, Convention on Wetlands of International Importance, Especially as Waterfowl Habitat, International Atomic Energy Agency, Ozone Secretariat, Secretariat of the Multilateral Fund for the Implementation of the Montreal Protocol, Stockholm Convention on Persistent Organic Pollutants, United Nations Conference on

[1] The membership of the Governing Council was determined by elections held at the 43rd plenary meeting of the sixtieth session of the United Nations General Assembly, on 3 November 2005, and the 52nd plenary meeting of the sixty-second session, on 15 November 2007.

Trade and Development, United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa, United Nations Children's Fund, United Nations Department of Economic and Social Affairs, United Nations Development Programme, United Nations High Commissioner for Refugees, United Nations Human Settlements Programme, United Nations Institute for Training and Research, United Nations International Strategy for Disaster Reduction, United Nations Office for the Coordination of Humanitarian Affairs, United Nations Population Fund, United Nations Regional Information Centre, United Nations University, World Intellectual Property Organization and World Trade Organization.

19. The following specialized agencies were represented: Food and Agriculture Organization of the United Nations, International Labour Organization, United Nations Educational, Scientific and Cultural Organization, World Bank and World Meteorological Organization.

20. The following intergovernmental organizations were represented: African Development Bank, Asian-African Legal Consultative Organization, Commission of the African Union, Commonwealth Secretariat, European Community, Global Environment Facility, League of Arab States, Organisation for Economic Cooperation and Development, South Asia Cooperative Environment Programme and World Conservation Union (IUCN).

21. In addition, 113 non-governmental and civil society organizations were represented by observers.

B. Adoption of the agenda

22. At its 1st plenary meeting the Council/Forum adopted the following agenda for the session, on the basis of the provisional agenda (UNEP/GCSS.X/1):

1. Opening of the session.
2. Organization of work:

   Adoption of the agenda;

   Organization of work.
3. Credentials of representatives.
4. Policy issues:

   State of the environment;

   Emerging policy issues;

   Environment and development.
5. Follow-up to and implementation of the outcomes of United Nations summits and major intergovernmental meetings, including the decisions of the Governing Council.
6. Other matters.
7. Adoption of the report.
8. Closure of the session.

C. Organization of the work of the session

23. At the 1st plenary meeting of the session, the Council/Forum considered and agreed on the organization of work of the session in the light of the recommendations contained in the annotated agenda (UNEP/GCSS.X/1/Add.1).

24. Pursuant to one of those recommendations, it was decided that the Council/Forum would hold ministerial consultations from the afternoon of Wednesday, 20 February 2008, to the morning of Friday, 22 February 2008. The focus of those consultations would be the themes "globalization and the environment: mobilizing finance to meet the climate challenge" and "international environmental governance and United Nations reform", under agenda item 4 (b). It was further decided that the

ministerial consultations would involve a mix of plenary meetings and panel and roundtable discussions.

25. The Council/Forum also decided to establish a Committee of the Whole, chaired by Mr. Jan Dusik (Czech Republic), which would consider agenda items 4 (a) (Policy issues: state of the environment); 4 (c) (Policy issues: environment and development); 5 (Follow-up to and implementation of the outcomes of United Nations summits and major intergovernmental meetings, including the decisions of the Governing Council); and 6 (Other matters). It was further decided that an informal group of friends of the President would be formed and charged with preparing a President's summary of the ministerial consultations on themes I and II. The group would be chaired by Mr. Robert Calcagno, State Counsellor for Equipment, Environment, and Urban Planning of the State Ministry for Urban Planning of Monaco, and would comprise the chairs of the five regional groups and the economic integration entities.

26. It was further agreed that the Council/Forum would consider agenda items 3 (Credentials of representatives), 7 (Adoption of the report) and 8 (Closure of the session) at the plenary meeting on the afternoon of Friday, 22 February 2008.

27. In considering the agenda items, the Council/Forum had before it the documentation outlined for each item in the annotated agenda for the current session (UNEP/GCSS.X/1/Add.1).

D. Report of the Committee of the Whole

28. The Committee of the Whole held four meetings, under the chairmanship of Mr. Dusík, from 20 to 22 February, to consider the agenda items assigned to it. At its 6th plenary meeting, on the afternoon of 22 February, the Council/Forum took note of the report of the Committee of the Whole. The report is set out in annex II to the proceedings of the session (UNEP/GCSS.X/10).

E. Adoption of decisions

29. At its sixth plenary meeting, on the afternoon of Friday, 22 February, the Council/Forum adopted the following decisions:

Decision no.	Title
SS.X/1	Chemicals management, including mercury and waste management
SS.X/2	Sustainable development of the Arctic region
SS.X/3	Medium-term Strategy for 2010–2013
SS.X/4	International Decade for addressing Climate Change
SS.X/5	Global Environment Outlook: environment for development

30. The Council/Forum adopted the foregoing decisions on the basis of draft decisions approved by the Committee of the Whole. The report of the Committee, including its consideration of the draft decisions, is contained in annex II to the proceedings of the session (UNEP/GCSS.X/10).

III. Credentials of representatives

31. In accordance with rule 17, paragraph 2, of the rules of procedure, the Bureau examined the credentials of the representatives attending the session. Representatives of 56 of the 58 member States attended the session and their credentials were found to be in order. The President so reported to the Council/Forum, which approved the Bureau's report at its 6th plenary meeting, on 22 February 2007.

IV. Policy issues

A. Executive Director's policy statement

32. During the 1st plenary meeting Mr. Steiner delivered his policy statement. He commenced by noting that much of the scientific information presented by Mr. Munasinghe in his talk on leadership

by inspiration was directly relevant to environmental policy. He said that the policy changes and proposed mid-term strategy for UNEP were part of two major transformations, the first being a global movement from a "brown economy" to a "green economy" and the second, a movement within UNEP to create a more focused, responsive and results-based institution.

33. Addressing the changes within UNEP, Mr. Steiner described the proposed Medium-term Strategy and the inclusive, transparent process by which it had been developed. The proposed strategy had been drafted twelve months in advance of its requested deadline as part of the reform process undertaken throughout the United Nations system and endorsed by the UNEP Governing Council. In order to provide coherence to UNEP activities, six thematic priorities were outlined in the proposed strategy: climate change; disasters and conflict; ecosystem management; environmental governance; harmful substances and hazardous waste; and resource efficiency – sustainable consumption and production. Other managerial reforms included implementation of results-based management, realignment of authority and responsibility, a return of financial control to project managers in developing work plans, achievements in gender mainstreaming and staff training in the United Nations common country programming process. UNEP was positioning itself as a service provider to the United Nations system with respect to environmental issues and to that end the organization would strengthen its ability to realize commitments in the Bali Strategic Plan for Technology Support and Capacity-building and to ground its activities in scientific findings.

34. He continued by noting that the advance preparation of the proposed Mid-term Strategy created an opportunity for members of the Governing Council to provide feedback and to determine programmatic priorities at a very early stage. In the context of the global transformation toward a greener economy, ministers of the environment carried an expanded work brief. Just as donors believed in the value of UNEP and its path of reform, investors were also committing themselves to an improved environment through actions such as clean energy production, eco-tourism and alternative transport, all of which involved job creation. The spread of environmental concerns was affecting Governments as well and in the near future finance ministers would need to be conversant in environmental issues, while environment ministers would require a higher level of economic competence. With billions and perhaps trillions of dollars being directed by the private sector and multilateral financial institutions into the green economy, UNEP and its partners, including environment ministers, had the responsibility to guide those investment flows, which were now the engines for environmental change. Given those and other changes, however, sustainable development had still not been realized on a global scale, and time to achieve that goal was short. Science, technology and public awareness were in place to support change, but policy and action were required to address the stark challenge posed by the fact that environmental degradation was outpacing human innovation.

35. Turning to the recent developments in Kenya, Mr. Steiner observed that it was unprecedented for the headquarters of a United Nations body to be situated amidst social and political upheaval. He said that the organization was operating with a business as usual attitude but that it had to be prepared for adverse change, which if it came would inevitably impact its programmes.

36. Mr. Steiner closed his policy statement with an offer of congratulations to Ms. Beverly Miller, who was retiring from service as Secretary of the Governing Council, and to Ms. Angela Cropper, who had joined UNEP as its Deputy Executive Director.

37. The full text of Mr. Steiner's policy statement is set out in annex III to the proceedings of the session (UNEP/GCSS.X/10).

B. State of the environment (agenda item 4 (a))

38. The Council/Forum took up the sub-item at its first plenary meeting. It commenced its consideration of it with a presentation by Mr. Steiner on the findings laid out in the fourth Global Environment Outlook report (*GEO-4*), which was the subject of a report of the Executive Director before the Council/Forum (UNEP/GCSS.X/3). *GEO-4*, he said, was the product of years of intensive work by numerous stakeholders and presented a science-based assessment of environmental change and how it affected development and human well-being. The report showed that change was occurring at an unprecedented rate and that humanity had yet to turn the corner to sustainable development; all indicators were pointing to a worsening situation affecting both developed and developing economies.

A number of innovations, or "green breakthroughs", gave cause for optimism, however, although they had not yet been scaled up to the point where they could provide a coherent global response. Despite the existence of improved tools, better science, a more informed public and a more proactive private sector, the threshold of sustained action was yet to be crossed. In noting the great media interest that had been generated by the publication of *GEO-4*, he expressed hope that the international community would work with it and similar reports from other organizations in directing future action.

39. In the ensuing discussion *GEO-4* was welcomed as an important publication that contributed to the international environment-related agenda and strengthened the role of UNEP as the leading environmental authority in the United Nations system. Several representatives praised its key messages, including the need for a holistic approach to environmental and development issues, and its focus on sustainable development and management of ecosystems. Some representatives noted the importance of *GEO-4* as a tool enabling decision makers to underpin their decisions with a firm scientific basis.

40. One representative said that UNEP needed to ensure that it made full use of the *GEO-4* conclusions in its daily activities and to put in place a review process that would enable it to evaluate and improve upon the GEO process as a whole. Another representative mentioned the need for more focused and rapid assessments to augment the wider picture presented by *GEO-4* and requested the Executive Director to explore how further synergies might be developed with other environment-related assessments and to present a report on his findings at the next session of the Governing Council.

41. Agenda item 4 (a) was also considered by the Committee of the Whole. The report on the deliberations of the Committee is contained in annex II to the proceedings of the session (UNEP/GCSS.X/10).

42. The decisions adopted by the Council/Forum are set out in annex I to the present report and are listed in chapter II, section E, above.

C. Emerging policy issues (agenda item 4 (b))

43. At its second plenary meeting, on the afternoon of Wednesday, 20 February 2008, the Council/Forum began its consideration of agenda item 4 (b), policy issues: emerging policy issues, in the form of ministerial consultations, focusing on theme I of the session: globalization and the environment – mobilizing finance to meet the climate challenge, and, in particular, the role of national policies in enabling investments. At its third plenary meeting, on the morning of Thursday, 21 February 2008, the Council/Forum continued its consideration of agenda item 4 (b), focusing, in particular, on the question of whether financial markets were ready to mobilize the needed investment. A panel discussion, featuring an overview presentation, was held at each of the 2nd and 3rd plenary meetings in the form of ministerial consultations, each of which was followed by four concurrent ministerial roundtable discussions. At its fourth plenary meeting, on the afternoon of Thursday, 21 February 2008, the Council/Forum continued its consideration of agenda item 4 (b), with particular focus on mobilizing capital from the local perspective. A panel discussion was held, followed by summary reports presented by the four facilitators of the roundtable discussions on the findings and recommendations that had emerged from the discussions. At its fifth plenary meeting, on the morning of Friday, 22 February 2008, the Council/Forum continued its consideration of agenda item 4 (b), with particular focus on theme II of the session: international environmental governance and the United Nations reform. A panel discussion was held, including two overview presentations, followed by a synthesis and feedback. In discussing the sub-item the ministers and other heads of delegation had before them background papers intended to stimulate discussion, including policy options emanating from the President's summary of the ministerial-level consultations at the twenty-fourth session of the Governing Council/Global Ministerial Environment Forum, (UNEP/GCSS.X/9).

44. At the sixth plenary meeting of the Council/Forum Mr. Calcagno spoke on the outcome of the ministerial consultations. He highlighted key points from the President's summary of the consultations, stressing that it reflected the variety of views expressed rather than a consensus. The Council/Forum took note of the President's summary, which is set out in annex II to the present report, noting that it while it reflected a variety of views expressed during the ministerial consultations it did not constitute a consensus text.

D. Environment and development (agenda item 4 (c))

45. Agenda item 4 (c) was considered by the Committee of the Whole. The report on the deliberations of the Committee is contained in annex II to the proceedings of the session (UNEP/GCSS.X/10).

46. The decisions adopted by the Council/Forum are set out in annex I to the present report and are listed in chapter II, section E, above.

V. Follow-up to and implementation of the outcomes of United Nations summits and major intergovernmental meetings, including the decisions of the Governing Council

47. Under the item, Mr. Steiner presented a note on the proposed Medium-term Strategy for 2010–2013 (UNEP/GCSS.X/8). He said that a great deal of work had been invested by the Committee of Permanent Representatives, in consultation with a broad range of stakeholders, in producing the Medium-term Strategy well ahead of schedule in order to inform the development of the UNEP programme of work and strategic framework. The Strategy identified six cross-cutting priorities and set out a vision for UNEP drawn directly from the Nairobi Declaration on the Role and Mandate of the United Nations Environment Programme approved by the UNEP Governing Council in 1997, which remained as valid as it was when adopted. He stressed that identification of the six priorities did not mean that UNEP considered itself a unique player or leader in any field; rather, UNEP believed that the priorities were core areas where it could make a transformative difference in collaboration with other organizations and bodies. Renewed emphasis would be placed on enhancing the capacity of UNEP to deliver on the Bali Strategic Plan for Technology and Capacity-Building; its role as the environment programme of the United Nations; ensuring that its interventions were based on sound science; and fully implementing results-based management. In conclusion, he said that the Medium-term Strategy, along with the programme of work and the strategic framework through which it would be realized, set a direction for UNEP that was essential to the achievement of its core agenda.

48. In the ensuing discussion there was broad commendation for both the policy statement and the Medium-term Strategy. Several representatives expressed the view that the Strategy would assist in making UNEP more efficient and better equipped to respond to the challenges of environmental change. The commitment to advancing the Bali Strategic Plan for Technology Support and Capacity-building received support from a number of representatives. One representative expressed support for the innovative financial mechanisms suggested, which offered scope to include the private sector and civil society and harness creativity.

49. Some representatives, however, said that the Medium-term Strategy required further modification and improvement, for example by clarifying the means by which it would be implemented, including through increased synergy with multilateral environmental agreements. One representative said that, while the Strategy dealt with coordination with other organizations, it paid insufficient attention to coordination within UNEP itself and linkages among UNEP strategies. She also said that efforts should be made to include representation from all regions in future work related to the Strategy.

50. One representative said that UNEP should make a greater effort to incorporate local cultures and traditional beliefs and values into its activities. Another representative stressed the need to mobilize human resources, particularly at the local level, and suggested encouraging that by dedicating a decade to climate change. Another representative drew attention to the Tunis Declaration for International Solidarity to Protect Africa and the Mediterranean Region against the Adverse Effects of Climate Change, adopted at the International Solidarity Conference on Climate Change Strategies for Africa and the Mediterranean Region held in Tunis in November 2007.

51. The representative of Norway said that his Government was developing a programme agreement with UNEP pursuant to which it would provide $18 million per year to support implementation of the Medium-term Strategy. He also said that there was an urgent need for a legal framework to combat the threat of mercury and urged UNEP to take the lead in that matter.

52. One representative said that the presentations by the Executive Director exemplified the Global Ministerial Environment Forum working as was intended, reviewing emerging policy issues and the functioning of UNEP. He said that the Forum should concentrate on major issues, such as endorsing the Medium-term Strategy, rather than negotiate decisions for the Governing Council and adopt decisions merely for the purpose of taking note of reports by the Executive Director. He indicated that his delegation would submit a draft decision aimed at clarifying practice in that regard.

53. The representative of a group of civil society organizations said that greater attention should be given to financial mechanisms that promoted climate justice and that focused on the poor, of whom 70 per cent were women. She also expressed opposition to any efforts that might limit the authority of the Forum to adopt decisions, as it was vital that the Forum retain its flexibility to respond to environmental issues in a timely manner.

54. Agenda item 5 was also considered by the Committee of the Whole. The report on the deliberations of the Committee is contained in annex II to the proceedings of the session (UNEP/GCSS.X/10).

55. The decisions adopted by the Council/Forum are set out in annex I to the present report and are listed in chapter II, section E, above.

VI. Other matters

56. The Council/Forum took up no other matters.

VII. Adoption of the report

57. The Council/Forum adopted the present report at its 6th plenary meeting, on 22 February 2008, on the basis of the draft report which had been circulated and on the understanding that the secretariat and the Rapporteur would be entrusted with their finalization.

VIII. Closure of the session

58. During the closure of the session the President of the Council/Forum and numerous representatives of Members paid tribute to Ms. Beverly Miller, who would be retiring from her post of Secretary of the Governing Council in September 2008, for her long years of service. Following that tribute and the customary exchange of courtesies the tenth special session of the Governing Council/Global Ministerial Environment Forum was declared closed by the President of the Council/Forum at 4.35 p.m. on Friday, 22 February 2008.

Annex I

Decisions adopted by the Governing Council/Global Ministerial Environment Forum at its tenth special session

SS.X/1. Chemicals management, including mercury and waste management

The Governing Council,

Recalling its decision 24/3 on chemicals management, in particular section IV on mercury, and its decision 24/5 on waste management,

Further recalling General Assembly resolution 53/242 of 28 July 1999 on the establishment of the Global Ministerial Environment Forum, which established the Global Ministerial Forum as a high-level environment policy forum in the United Nations system,

Noting that, as stated in paragraph 6 of resolution 53/242, the primary purpose of special sessions of the Council/Forum is the review of important and emerging policy issues in the field of the environment,

Emphasizing that whenever possible significant programme-related decisions of the Council/Forum are dealt with at its regular sessions,

1. *Acknowledges with appreciation* the reports of the Executive Director on chemicals management,[2] on progress of the ad hoc open-ended working group on mercury[3] and on waste management,[4] as requested by the Governing Council in its decisions 24/3 II, 23/3 IV and 24/5, respectively;

2. *Takes note* of the particular significance of the tangible recommendations for developing countries, in particular least developed countries and small island developing States, as well as countries with economies in transition, referred to in section I of chapter II of the report of the Executive Director on waste management;

3. *Decides* in view of the significant programme-related matters raised in the above-referenced reports to consider them at the Council/Forum's twenty-fifth regular session;

4. *Requests* the Executive Director to continue to implement decisions 24/3 and 24/5 and to present a full report on such implementation at the Council/Forum's twenty-fifth regular session.

SS.X/2. Sustainable development of the Arctic region

The Governing Council,

Recalling its decision 22/11 on sustainable development of the Arctic of 7 February 2003 and in particular paragraph 2, requesting the Executive Director to provide continuous assessments and early warning on emerging issues related to the Arctic environment, in particular its impact on the global environment,

Recognizing that, despite the many successful and continuing efforts of the international community since the United Nations Conference on the Human Environment and the achievement of some progress, continuing efforts by Governments to protect the environment are needed as shown in the United Nations Environment Programme's fourth Global Environment Outlook report, which noted specific concerns in relation to melting Arctic sea ice,[5]

[2] UNEP/GCSS.X/4.
[3] UNEP/GCSS.X/5.
[4] UNEP/GCSS.X/7.
[5] *Global Environment Outlook 4: Environment for Development,* Summary for Decision Makers, Polar, p. 19).

Recalling that "Melting Ice – A Hot Topic?" was the theme for the 2007 World Environment Day and focused on the effects of climate change on polar ecosystems and communities, ensuing consequences around the world and actions that could be taken to avoid abrupt, accelerating, or potentially irreversible environmental changes,

Extremely concerned over the impact of climate change on the polar regions, especially the Arctic, because of the likely impacts of high rates of projected warming on natural systems and indigenous and other communities as well as biodiversity, with increasingly dramatic effects on the Arctic and potential significant global consequences, e.g., through contributions from glaciers and the Greenland Ice Sheet to sea level rise,

Convinced of the need to protect the Arctic environment and to ensure environmental security for its indigenous and other communities, as well as for its biodiversity,

Well aware of the influence of Arctic sea ice dynamics on the planetary climate system and ocean circulation,

Also well aware of the need for and importance of cooperative measures to promote adaptation of Arctic ecosystems to climate change and for adaptive management of such ecosystems in the face of rapid climate change,

Emphasizing that the International Polar Year 2007–2008, which involves thousands of scientists from over 60 countries working at both poles, provides a foundation for enhancing the scientific basis for informed decision making,

Acknowledging the deep concern over the vulnerability of the environment and ecosystems of the Arctic Ocean and Arctic sea ice and the need for States to strengthen scientific cooperation, as noted in the preambular paragraphs of the United Nations General Assembly omnibus resolution on Oceans and the Law of the Sea adopted by the United Nations General Assembly in December 2007,

Noting that the United Nations Environment Programme participates in Arctic Council meetings as an observer,

Emphasizing that the exploitation of Arctic resources should be done in a sustainable manner,

Believing that the Arctic environment, its indigenous and other communities and biodiversity benefit from the efforts of Arctic States and other interested States and stakeholders to ensure its protection and management with respect to commercial activities including shipping, fishing, oil, gas and mining operations in recently opened ice melt areas of the Arctic marine environment,

Acknowledging the efforts of Arctic States, individually and collectively, to protect the Arctic environment and manage activities in the Arctic to minimize the impact of those activities on the Arctic environment,

1. *Commends* the Arctic Council for its activities related to the Arctic environment and its inhabitants;

2. *Encourages* the United Nations Environment Programme to cooperate, as requested, with the Arctic Council, relevant multilateral environmental agreements and other relevant regional and international bodies, as appropriate;

3. *Urges* Governments of Arctic States and other interested stakeholders to continue to apply the precautionary approach as set forth in Principle 15 of the Rio Declaration on Environment and Development in connection with their activities potentially affecting the Arctic environment, including its biodiversity, and to continue to conduct environmental impact assessments, as appropriate;

4. *Requests* Governments, together with the International Council for Science and the World Meteorological Organization , the sponsoring agencies of the International Polar Year, and other relevant regional and international bodies including the Arctic Council, the United Nations Environment Programme and multilateral environmental agreements, to enhance the scientific basis for informed decision-making through the promotion of international scientific collaboration and coordination to better track, understand, and predict Arctic change as a key International Polar Year legacy activity;

5. *Encourages* the United Nations Environment Programme to join with other relevant organizations and programmes to seek means to sustain and enhance Arctic observing networks beyond the International Polar Year research phase;

6. *Also requests* Governments of Arctic States and other interested stakeholders individually and collectively to expedite the implementation of appropriate measures to facilitate adaptation to climate change at all levels, including by indigenous and other communities as part of ongoing cooperation in the region.

SS.X/3. Medium-term Strategy for the period 2010–2013

The Governing Council,

Recalling paragraph 13 of its decision 24/9, by which it requested the Executive Director to prepare, in consultation with the Committee of Permanent Representatives, a medium-term strategy for 2010–2013 with a clearly defined vision, objectives, priorities and impact measures and a robust mechanism for review by Governments, for approval by the Governing Council at its twenty-fifth session,

Noting with appreciation the open, transparent and extensive consultation process undertaken by the Executive Director with the Committee of Permanent Representatives in developing the United Nations Environment Programme Medium-term Strategy 2010–2013;

Also noting with appreciation the consultation with the multilateral environment agreement secretariats administered by the United Nations Environment Programme and with civil society and the private sector in developing the Medium-term Strategy 2010–2013,

Further noting with appreciation that the Medium-term Strategy 2010–2013 developed by the Executive Director is well focused, results-based and elaborates six cross-cutting thematic priority areas of work and various means of implementation as a way of strengthening the work of the United Nations Environment Programme in the period 2010–2013,

Emphasizing the need to implement fully decision SS.VII/1 on international environmental governance adopted by the Governing Council at its seventh special session ("the Cartagena Package"), and welcoming the Medium-term Strategy's particular emphasis on significantly enhancing the capacity of the United Nations Environment Programme to deliver on the Bali Strategic Plan for Technology Support and Capacity-building;[6] on the role of the United Nations Environment Programme as the principal United Nations body in the field of environment; on ensuring that United Nations Environment Programme actions are founded on sound science; and on fully implementing results-based management,

Noting also the time set by the United Nations Secretariat in the instructions issued for the preparation of the strategic framework 2010–2011 by each fund, programme and department of the United Nations secretariat,[7]

Acknowledging that in order for the Medium-term Strategy developed by the Executive Director to be linked in a meaningful fashion with the strategic framework and subsequent programme of work of the United Nations Environment Programme for 2010–2011 it is essential that the Governing Council should first consider the Medium-term Strategy at its tenth special session,

Noting that the Executive Director will consider the views expressed at the tenth special session of the Governing Council on the Medium-term Strategy 2010–2013 when formulating the programmes of work and budgets for 2010–2011 and for 2012–2013 and fully integrate any existing policies approved by the Governing Council into the programmes of work,

1. *Welcomes* the United Nations Environment Programme Medium-term Strategy 2010-2013 and *authorizes* the Executive Director to use the Medium-term Strategy 2010–2013 in formulating the strategic frameworks and programmes of work and budgets for 2010–2011 and for

[6] Adopted by the UNEP Governing Council in decision 23/1 I.

[7] Proposed Strategic Framework for the biennium 2010–2011, Instructions, issued by the United Nations Programme Planning and Budget Division on 11 October 2007. The Instructions will be made available at http://ppbd.un.org.

2012-2013 and as a means to encourage coordination among United Nations Environment Programme divisions, without prejudicing the outcome of the governmental negotiations on the programmes of work and budgets;

2. *Notes* that any budgetary issues arising from the United Nations Environment Programme Medium-term Strategy 2010–2013 will be addressed through the programmes of work and budgets for 2010–2011 and 2012–2013 that will be approved by the Governing Council at its respective sessions based on priorities expressed and agreed by member States;

3. *Encourages* the Executive Director to continue to strengthen results-based management in the United Nations Environment Programme and, working within the approved programme of work for 2008–2009, to use the period 2008–2009 to commence the implementation of the transition to a fully results-based organization;

4. *Requests* the Executive Director to inform Governments about the implementation of the United Nations Environment Programme Medium-term Strategy 2010–2013 at regular intervals and to submit to the Governing Council, at its twenty-sixth regular session in 2011, a progress report on the implementation of the Strategy.

SS.X/4. International decade for addressing climate change

The Governing Council,

Remaining deeply concerned that all countries, in particular developing countries, including the least developed countries and small island developing States as well as countries with economies in transition, face increased risks from the negative effects of climate change, and stressing the need to address adaptation needs relating to such effects,

Recalling the provisions of the United Nations Framework Convention on Climate Change, including the acknowledgement that the global nature of climate change calls for the widest possible cooperation by all countries and their participation in an effective and appropriate international response in accordance with their common but differentiated responsibilities and respective capabilities and social and economic conditions,

Noting the significance of the scientific findings of the fourth assessment report of the Intergovernmental Panel on Climate Change, which contribute positively to the discussions under the United Nations Framework Convention on Climate Change and the understanding of the phenomenon of climate change, including its impacts and risks,

Determined to maintain the spirit of international solidarity and commitment generated by the outcomes of the thirteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change and the third session of the Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol, held in Bali, Indonesia, from 3 to 15 December 2007, as well as the Bali Action Plan (also known informally as the "Bali Roadmap"),

Reaffirming its commitment to support efforts to mitigate and adapt to climate change, which are interlinked with efforts to reduce significantly the loss of biodiversity, promote desertification control, eradicate extreme poverty and famine, promote sustainable development and improve the lives of affected or vulnerable populations,

Invites the United Nations Economic and Social Council to consider a proposal for the proclamation of an International Decade for addressing Climate Change for the period 2010–2020, bearing in mind General Assembly resolution 61/185 of 20 December 2006 on the proclamation of international years, and to inform the United Nations General Assembly prior to its sixty-third session.

SS.X/5. Global Environment Outlook: environment for development

The Governing Council,

Pursuing its functions and responsibilities as outlined in General Assembly resolution 2997 (XXVII) of 15 December 1972, including to keep under review the world environmental situation in order to ensure that emerging environmental problems of wide international significance are prioritized and receive appropriate and adequate consideration by Governments and to promote the contribution of relevant international scientific and other professional communities to the acquisition, assessment and exchange of environmental knowledge and information,

Recalling its decisions 22/1 on early warning, assessment and monitoring, 23/6 on keeping the world environmental situation under review and 24/2 on the world environmental situation,

Welcoming the preparation and publication of the fourth Global Environment Outlook report by the Executive Director, including the intergovernmentally and stakeholder endorsed Summary for Decision Makers,

Welcoming with appreciation the in-kind contributions to the fourth Global Environment Outlook report of experts, Governments, United Nations bodies, collaborating centres, the private sector and civil society, as well as the statement adopted by the participants at the Second Global Intergovernmental and Multi Stakeholder Consultation on the Fourth Global Environment Outlook Report, held in September 2007, in which they endorsed the report's Summary for Decision Makers,

1. *Expresses* its continued deep concern over the evidence in the assessment report of unprecedented environmental changes at all levels, including the natural and social time lags involved in addressing those changes and the risk that biophysical and social systems can reach tipping points beyond which there may be abrupt, accelerating and possibly irreversible changes and potentially negative implications for human well-being and economic and social development, especially for the poor and vulnerable groups in society;

2. *Acknowledges* that current environmental degradation represents a serious challenge for human well-being and sustainable development, and in some cases peace and security, and that for many problems the benefits of early action outweigh the costs and represent opportunities for the private sector, consumers and local communities for strengthened cooperation at the national and international levels to achieve sustainable development;

3 *Welcomes* the progress that has been made on several fronts in addressing the challenges outlined in the report and encourages greater sharing of lessons learned and best practices and their broader application;

4. *Stresses* that the transition toward sustainable development may involve hard choices among different concerns and interests in society which need to be supported by well-governed, effectively managed, innovative and results-oriented institutions able to create appropriate conditions for change and that the United Nations Environment Programme should promote such efforts and lead by example;

5. *Encourages* Governments, the United Nations Environment Programme and other United Nations bodies, international organizations, the private sector, civil society and the public at large to work at the global, regional, national and local levels to achieve sustainable development and to take timely action to prevent, mitigate and adapt to unprecedented environmental change;

6. *Requests* the Executive Director to encourage and support where possible, within the framework of the Bali Strategic Plan, the efforts of national bodies to conduct national assessments of environmental change and its implications for development;

7. *Also requests* the Executive Director, in building on the experiences gained from the preparation of the fourth Global Environment Outlook report and other environmental assessments as well as other recent developments aimed at strengthening the scientific base of the United Nations Environment Programme, to present to the Governing Council at its next session, in consultation with the Committee of Permanent Representatives:

(a) An overview, prepared in close cooperation with multilateral environmental agreements and other United Nations entities, of the international environmental assessment landscape, identifying possible gaps and duplications;

(b) Options for the possible development of a scientifically credible and policy-relevant global assessment of environmental change and its implications for development, including a cost analysis and an indicative benefit analysis for each option.

Annex II

President's summary of the discussions by ministers and heads of delegation at the tenth special session of the Governing Council/Global Ministerial Environment Forum of the United Nations Environment Programme

The present document is a summary of the interactive dialogue that occurred among the ministers and other heads of delegation attending the tenth special session of the Governing Council/Global Ministerial Environment Forum of the United Nations Environment Programme. It reflects the ideas presented and discussed rather than a consensus view of all points raised by participants.

I. Organization of the ministerial consultations

1. Ministers and heads of delegation from 138 United Nations Member States attending the tenth special session of the United Nations Environment Programme (UNEP) Governing Council/Global Ministerial Environment Forum in Monaco from 20 to 22 February 2008 held ministerial consultations on the themes "Globalization and the environment – mobilizing finance to meet the climate challenge" and "International environmental governance and United Nations reform".

2. The consultations were conducted under the leadership of the President of the Council/Forum, Mr. Roberto Dobles of Costa Rica, with the assistance of ministers and heads of delegation from Burkina Faso, Denmark, Dominican Republic, El Salvador, Finland, France, Gambia, Germany, Mauritius, Mexico, Monaco, Mozambique, the Netherlands, South Africa, Switzerland, the United Kingdom of Great Britain and Northern Ireland and the United States of America.

3. In order to facilitate interactive dialogue, the Council/Forum conducted the ministerial consultations in the form of plenary presentations and panel discussions followed by smaller roundtable discussions. In both the plenary and roundtable discussions the President of the Council/Forum, together with ministers, a number of private sector leaders, representatives of United Nations bodies and leaders of local authorities and civil society organizations, aided the process.

4. The consultation participants discussed various options for action that Governments, UNEP and the international community could consider. The ideas enumerated below reflect different views expressed during the discussions. Their inclusion here does not mean that they are without controversy or that each idea has been fully considered by each Government. They provide for Governments, UNEP and the international community a fertile source of ideas from which to undertake further exploration.

5. The present document is issued without formal editing.

II. Summary of ministerial discussions on theme I: Globalization and the environment – mobilizing finance to meet the climate challenge

6. The interactive dialogue on globalization and the environment – mobilizing finance to meet the climate challenge consisted of three separate but linked sessions, each having a distinct topic: "The role of national policies in enabling investment"; "Are the financial markets ready to mobilize the needed investment?"; and "Mobilizing capital – the local perspective". The panel presentations and discussion that took place during the first two plenary sessions provided a springboard for the roundtable discussions. The format of the final plenary was different: presentations and discussion among the panelists were followed by combined reports on the roundtable discussions and then additional discussion. In the present summary the main points made at each of the plenary sessions are presented separately, followed by a general summary of the roundtable discussions.

7. Although the plenary sessions and roundtable discussions had distinct themes, many of the points raised in the presentations and discussions were overarching in nature and therefore cut across the sessions. Thus:

(a) Climate change, economic growth and poverty alleviation can be compatible if addressed in an integrated manner;

(b) Sufficient investment capital is available globally to address the climate challenge but to scale up current levels of investment there is a need for an effective international framework with clear targets and financial architecture combined with stable and long-term policies and institutional structure at the national level;

(c) The carbon market has demonstrated its potential for mobilizing new financing for mitigation and technology transfer but the importance of a price for carbon that is high enough and predictable over the long term is crucial to maintaining the current momentum;

(d) Financing for adaptation activities is still limited, as many countries are in the process of identifying priority action areas, but it is critical urgently to make the Adaptation Fund operational and ensure that the proceeds from the Clean Development Mechanism market are supplemented by significant contributions from industrialized countries to meet the envisaged challenge.

8. The first plenary session, entitled "The role of national policies in enabling investment", commenced with opening remarks by Mr. R. Witoelar, Minister of Environment of Indonesia, and featured an overview presentation by Mr. Yvo de Boer, Executive Secretary of the United Nations Framework Convention on Climate Change (UNFCCC). The panel discussion was moderated by Mr. James Cameron, Vice Chairman, Climate Change Capital. Panelists were Mr. Guangsheng Gao, Director General, National Development and Reform Commission, China; Mr. Sigmar Gabriel, Minister of Environment, Germany; Mr. Erik Solheim, Minister of the Environment and International Development, Norway; Ms. Batilda Burian, Minister of State, United Republic of Tanzania; and Mr. Juan Somavia, Director General, International Labour Organization.

9. Speakers noted that while there was sufficient investment capital available for cleaner technologies – those that were broadly superior in terms of their environmental characteristics – effective markets would depend on Governments providing the strategic direction toward what one referred to as a new financial architecture. A general note struck was that there was a need to move beyond a mantra that "government will fix problems" or "the private sector will fix problems" to a view that recognized that it was the intelligent interface of public policy, markets, and entrepreneurs that would lead to innovation and investment in cleaner technologies. The importance of coherence between national policy and multilateral policy and policy making was also highlighted.

10. Speakers noted the importance of setting a sufficiently high price on carbon that was predictable over the long term. Growing carbon markets were providing needed capital and needed to be expanded but were insufficient on their own to bring about the required changes. Overall investment needs were large – some $200–210 billion each year by 2030 according to the UNFCCC secretariat's estimates – but were modest in the context of global GDP. The International Energy Agency and others have pointed out that large investments in energy infrastructure are required in any event; the challenge is to make sure this investment is compatible with emission reduction goals. Speakers also emphasized the environmental, economic, social, and development benefits of green growth.

11. Regarding the Bali Roadmap, the point was made that technology, finance, and capacity-building would provide the link between developing country engagement and developed country commitments. Developing countries no longer had to be convinced of the advantages of green growth but did need financial and technical assistance to make the transition to lower carbon economies. Panellists also shared their experiences and ambitions regarding different national approaches, which ranged from auctioning emission allowances and using the funds generated thereby to spur investment in cleaner energy technologies to government risk sharing and support for technology development.

12. The session entitled "Are the financial markets ready to mobilize the needed investment?" was moderated by Mr. Bert Koenders, Minister for Development Cooperation, the Netherlands. Opening remarks were provided by Ms. Monique Barbut, Chief Executive Officer and Chairperson of the Global Environment Facility, and Mr. Michael Liebreich, Chief Executive Officer of New Energy Finance.

Panel members included Mr. Andreas Carlgren, Minister of Environment, Sweden; Mr. Neil Eckert, Chief Executive Officer, Climate Exchange PLC; Mr. Robert Tacon, Head of Risk Management, Standard Chartered Bank and Chair, UNEP Finance Initiative; Mr. Olav Kjørven, Director, Bureau for Development Policy, United Nations Development Programme; and Ms. Kristalina Georgieva, Director, Sustainable Development Vice Presidency, World Bank.

13. In the statements and the ensuing discussion speakers and panelists in part returned to themes of the previous session, namely, that climate protection, economic growth and poverty alleviation were compatible, that sufficient investment capital existed to reduce greenhouse gas emissions through the use of new technologies and that the challenge to governments was to adopt policies that aligned public interests concerning climate change with private motivations, thereby allowing markets to work.

14. A presentation on investment trends in the renewable energy sector made clear that the financial sector was ready to invest in climate mitigation under the right enabling conditions. Speakers from the private sector made clear that renewable energy had "shed its fringe image" and was treated as a mainstream business by the financial sector. Continued strong growth in the sector was both a result of and spur to the innovation of new financial products. The panel highlighted the importance of such information in providing a new understanding of the fundamental changes taking place in the sector. One problem area, however, was the lack of activity in the poorer developing countries, in particular those in Africa. Several speakers highlighted the responsibility of Governments in safeguarding the interests of the very poor and of those affected by industrial restructuring caused by a shift to low carbon energy sources. It was noted that current funding mechanisms are yielding insufficient resources to address the challenge of adaptation.

15. Speakers reemphasized the importance of carbon markets in allocating and redirecting capital to cleaner investment and again noted that a sufficiently high and predictable price for carbon was critical. Developing countries in particular were said to be less able to pay higher costs of technology and were often riskier from an investor perspective; there was thus a role for public sector institutions in undertaking some of the risk. A suggestion from the floor was that other greenhouse gases and sectors such as forestry and agriculture needed to be included in markets as quickly as possible even if the science was not fully understood.

16. One speaker noted that although it was fine to say that Governments needed to provide sound policy frameworks an enlightened private sector finance sector should take a proactive stance, acting ahead of Governments even when there were uncertainties. Investments made in the present with no expectation of a carbon constrained future would undoubtedly prove unwise.

17. The final plenary session on the theme "Mobilizing capital - the local perspective" started with opening remarks from Mr. Apirak Kosayodhin, Governor of Bangkok. UNEP Executive Director Achim Steiner then moderated a panel discussion involving Mr. Fernando Ibanez, Chief Executive Officer, Saguapac, Bolivia; Mr. Andrew Etwire, Chief Executive Officer, Power World Limited, Ghana; Ms. Barbara James, Chief Executive Officer, Henshaw Capital Partners, Nigeria; and Dr. Harish Hande, Managing Director, Selco India.

18. From the perspective of those working at the local level, increasing awareness of different groups about climate change, the need for different thinking and approaches, and the inherent opportunities were critical. This was true for groups as varied as residents of cities, local banks, business owners, venture capitalists and pension fund managers, among others. Improving the capabilities of different professional groups to devise new approaches to financing cleaner energy investments went hand in hand with raising awareness.

19. Speakers also stressed the importance of appropriate forms of financing that matched the ability of poor people in particular to pay for cleaner energy. Appropriate financing coupled to appropriate technology brought to the people, meaning site specific solutions to financing needs, was important. That might mean using public money to fill financial gaps and thereby stimulate local investment and lending. Consultations with local groups were essential in such cases in order to make sure that solutions actually worked for the intended group.

20. An appeal was made for approaches based on the concept of "holistic infrastructure", the blending of public policies that drove awareness raising, training and capacity-building and investment. The Indian approach to self-sufficiency in agriculture was offered as a model for the sort of transformational effort that is required for a shift to a lower carbon economy.

21. The roundtable discussions were supported by facilitators and in some cases featured short presentations. It was recognized that there had been a positive development in terms of growing investment in clean energy technology and rapid expansion of the carbon market. To further accelerate this positive development, Governments had to create the conditions for a scale-up of private-sector investment, both domestic and foreign, in carbon-mitigating technologies, infrastructures and services. That required stable and long-term policy and regulatory frameworks coupled with public finance mechanisms that leveraged private capital at all stages of technology development. Policies named ranged from feed-in laws for renewable energy to supportive policies like building codes, green public procurement, policies to promote environmentally friendly transport and public awareness and capacity-building.

22. UNEP and other United Nations institutions could play a key role in helping developing countries to establish such policy and institutional frameworks and to build their capacity to access finance. Constituencies including civil society and local authorities had to be considered in policy development. A strong international framework was called for with clear targets and financial architecture, especially to promote investment in developing countries.

23. It was necessary for financial mechanisms to provide incentives for climate-friendly solutions and disincentives (high prices) for carbon-intensive systems. One speaker noted that significant commitments under the Kyoto Protocol can spur development of the carbon market, which clearly offered a huge potential for mobilizing financing for mitigation. To date, however, it had largely benefited industrialized countries and a small number of larger developing countries. The carbon market had to be expanded and become more flexible and the Clean Development Mechanism needed to be developed further to ensure more equitable regional distribution. Models were needed for mobilizing appropriate forms of financing for small and medium-sized enterprises (SME) and enabling capital markets. New approaches to financing end-users were required, most of which involved mobilizing local sources of capital. Market mechanisms had to provide incentives for avoided deforestation, forest conservation and organic agriculture.

24. Public-private partnerships such as national climate funds with private-sector participation were suggested as an important instrument. There was a need to explore other new sources of funding such as the auctioning of emissions allowances and the extension of a CDM-type levy to other Kyoto mechanisms. Instruments similar to those used under the Montreal Protocol were suggested. Other speakers remarked on the importance of Intellectual Property Regimes in promoting the transfer of technologies.

25. In the area of adaptation, experience with adaptation finance was limited because many countries were still in the process of examining key national vulnerabilities and identifying priority actions. It was agreed that the Adaptation Fund urgently had to be made operational. Some speakers noted that while the proceeds from the Clean Development Mechanism were an important start for the Fund, to meet the challenge anticipated there was an immediate need for industrialized countries to make additional funds available.

26. The ministerial consultations on mobilizing finance to meet the climate challenge represented a first important opportunity after the thirteenth session of the UNFCCC Conference of the Parties in Bali to discuss the issues of finance and technology transfer; it produced a rich mix of ideas, perspectives, experiences and observations. There was no attempt to draw conclusions regarding the priorities for different actors, whether Governments, the private sector, non-governmental organizations or intergovernmental organizations, or to identify the specific actions each could or should undertake. The objective, rather, was to provide a platform for discussion and learning about the finance sector and its role in addressing the climate change challenge. Ministers and other heads of delegation were able to learn from each other and to explore the breadth of opportunities available for constructive policies that mobilized the needed finance.

27. The consultations thus provided an excellent basis for further creative thinking about the broad changes needed to increase investment in technologies and practices that reduced greenhouse gas emissions, both new approaches and those that were an expansion or scale-up of proven models. The tone struck throughout the consultations was optimistic: much needed to be done but much was already happening and much more was possible.

III. Summary of ministerial consultations on international environmental governance and United Nations reform

28. Ministers engaged in an interactive dialogue to take stock of the implementation of decision SS.VII/1 on international environmental governance by which the Governing Council/Global Ministerial Environment Forum had adopted the "Cartagena Package", and recent developments of relevance to UNEP under the wider United Nations reform agenda, as well as to provide input for the ongoing and forthcoming discussions in the General Assembly.

29. The ministerial consultation participants heard an overview presentation on the status of the informal consultation on environmental activities in the United Nations by Mr. Claude Heller Rouassant of Mexico and Mr. Peter Maurer of Switzerland, Co-chairs of the informal consultations. Mr. João Paulo Capobianco, Vice Minister of Environment, Brazil, presented an overview presentation on the Outcome of the Ministerial Conference on Environment and Development: Challenges for International Environmental Governance, which had been held in Rio de Janeiro, Brazil, in September 2007.

30. A panel moderated by Mr. Marthinus van Schalkwyk Minister of Environmental Affairs and Tourism, South Africa and consisting of Mr. Francisco Santos, Vice President, Colombia; Ms. Claudia McMurray, Assistant Secretary of State, United States of America; Mr. James Leape, Director General, WWF; and Mr. Mark Halle, Director of Trade and Investment, International Institute for Sustainable Development, further highlighted the issues under consideration. The interactive dialogue also included a plenary discussion, during which the large number of constructive interventions from participants reflected the significant interest in the issue. The participants discussed various options for action for consideration by Governments, UNEP and the international community.

31. Reversing the current trend of global environmental degradation would require strengthening of environmental governance at all levels, which in turn would require international institutions and processes to become more coherent and effective and to cooperate more in addressing important existing and emerging global environmental challenges. Environmental ministers from around the world had expressed a shared concern on this point when they met in Malmö, Sweden, for the first session of the Governing Council/Global Ministerial Environment Forum, in May 2000. That session had led to a series of intergovernmental debates on international environmental governance in 2001 and the adoption of decision SS.VII/1 on the subject by the Governing Council/Global Ministerial Environment Forum at its seventh special session, which took place in Cartagena, Colombia, in February 2002. In the Cartagena Package adopted in decision SS.VII/1 the Council/Forum highlighted the need to make the best use of existing structures and noted the evolutionary nature of strengthening international environmental governance. The Cartagena Package was still recognized as an important policy response.

32. The 2005 World Summit Outcome,[8] which set the global policy agenda agreed by world leaders, addressed, among other issues, international environmental governance, especially in the context of United Nations reform. In paragraph 169 of the Outcome, Governments agreed to explore the possibility of a more coherent institutional framework, including a more integrated structure, for environmental activities in the United Nations system by improving the key areas of concern, including enhanced coordination; improved policy advice and guidance; strengthened scientific knowledge, assessment and cooperation; better treaty compliance, with due respect for the legal autonomy of treaties; and better integration of environmental activities in the broader sustainable development framework at the operational level, including through capacity-building.

33. Following up on paragraph 169 of the World Summit Outcome, the General Assembly initiated in 2006 an informal consultative process on the institutional framework for the United Nations' environmental activities, work on which continued in 2007. The co-chairs of the informal consultative process issued on 14 June 2007 an options paper that highlighted the need for enhanced coordination; improved policy advice and guidance; strengthened scientific knowledge, assessment and cooperation; better treaty compliance, coupled with respect for the legal autonomy of the treaties; and better integration of environmental activities into the broader sustainable development framework at the operational level, including through capacity-building.

[8] General Assembly resolution 60/1 of 16 September 2005.

34. The informal consultative process in the General Assembly culminated in a co-chairs' summary which formed the basis for further consultations that commenced in January 2007. Efforts were under way to consider the need for and modalities of a possible resolution by the United Nations General Assembly on international environmental governance. Such a resolution could address entities in the international environmental governance system, including UNEP, provide for regular reviews and set the format for future talks. The resolution might focus on pragmatic approaches that had received attention in the consultations, including the role of science, issue-based coordination within the United Nations system and cooperation among multilateral environmental agreements that respected their legal autonomy. The option of regular consolidated appeals for financial support for capacity-building in developing countries by the international environmental governance system, including for the implementation of multilateral environmental agreements, could also be given attention.

35. Participants welcomed the work of the co-chairs of the informal consultation. They noted that while there were some differences of opinion on elements of the options paper it was a very important and useful document. They noted too the importance of the contribution of UNEP, including the Governing Council/Global Ministerial Environment Forum, to the ongoing discussions. Some participants called for a further strengthening of the role and function of the Council/Forum.

36. A number of participants said that there was a risk that the urgency and magnitude of environmental problems would outgrow the capacity of existing institutions. It was also said that the current international governance structure had several strengths, including that it was decentralized, specialized and relatively flexible. It was said, however, that the current institutional structure had to become more effective and efficient. It was said too that UNEP had made important strides in that respect, including through developing its Medium-term Strategy. In that context participants applauded the role of UNEP in the United Nations Development Group, its cooperation with the United Nations Development Programme on environment and poverty and its participation as a non-resident agency in the "One UN" Pilot programmes.

37. The consultation participants said that international environmental governance and United Nations reform were evolutionary in nature and noted their interest in continuing to contribute to the discussions. Government and civil society representatives noted that the increasing investments in environment, in particular in the area of mitigation and adaptation to climate change, added a new dimension to international environmental governance and national environmental policies. Several said that there was a need to implement appropriate governance arrangements for those investments to ensure that they contributed to achieving sustainable development objectives.

38. The current United Nations reform process presented an opportunity for strengthening United Nations environmental activities. Options for strengthening, reforming or upgrading UNEP should be seen in that context. Many delegates highlighted the importance of maintaining the headquarters of UNEP in Nairobi, Kenya. A steady increase in the political attention being accorded to the environment had supported this reform process and there was growing recognition that environmental sustainability could not be de-linked from sustainable development and economic growth. Mainstreaming the environment across other sectors, and in the process enhancing the role of environment ministries, would allow the necessary integration of environmental considerations. It was emphasized that environmental challenges needed to be integrated into development planning and economic strategies. Implementation should encourage new partnerships between UNEP and UNDP, the International Labour Organization and others in the United Nations system. Several participants said that it was necessary to enhance further the role of the Environment Management Group.

39. The consultation said that the UNEP Medium-term Strategy 2010–2013 constituted an important step in enhancing UNEP programmatic support to the effort to strengthen international environmental governance rooted in the Cartagena Package.[9] Many delegations called for a further strengthening of the financial base of UNEP, in particular for the implementation of the Bali Strategic Plan. The role of UNEP in strengthening the scientific base of the United Nations and its member States, particularly

[9] The Cartagena Package refers to the recommendations of the Open-Ended Intergovernmental Group of Ministers or their representatives on International Environmental Governance. The report of the group, containing its recommendations, was adopted by the Governing Council in its decision SS.VII/1 of 15 February 2002 and is set out in the appendix to that decision.

developing countries, was underscored, and some participants felt that the ongoing consideration of the Environment Watch, Vision 2020, could contribute in that respect.

40. Support was expressed for a reformed United Nations environmental pillar as well as for an increase in its financial resources. Complex, growing and interlinked environmental challenges urgently required coordinated responses, including in policy sectors other than environment. A variety of measures were discussed, including better coordination among the institutions currently involved in the environment and more cooperation with multilateral agencies with economic and developmental mandates. Some delegates highlighted the ongoing work of the ad-hoc joint working group on enhancing cooperation and coordination among the Basel, Rotterdam and Stockholm conventions as a good example.

41. The question of strengthening UNEP or upgrading it into a specialized agency with the commensurate authority to foster better coordination was discussed, as was the possible establishment of a new United Nations environment organization. The idea of establishing an umbrella organization for the environment that would also deal with sustainable development and include UNEP, the Global Environment Facility and multilateral environmental agreements was also tabled. One participant said that the reform process should not lead to new legally binding agreements. Many noted the need for an integrated approach to international environmental governance. Ministers and heads of delegation committed themselves to a continued dialogue on how to further the evolution of international environmental governance.

42. The importance of involving ministers for foreign affairs and others in the debate was stressed, with specific reference being made to the Ministerial Conference on Environment and Development in Brazil. In finding a way forward it was proposed that form should follow function and that the first priority was to clarify the goals of the international community.

43. The extent of convergence was stressed by many. There was broad support for the need to strengthen UNEP further, including through strengthening its regional presence, its financial base and its ability to deliver on the Bali Strategic Plan, while also considering other more ambitious options for strengthening international environmental governance through an open dialogue. In that context some participants said it was necessary to be more specific regarding terminology and areas of convergence. The importance of continuing to take immediate steps to further strengthen UNEP was highlighted by most.

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